Eileen M. Campbell
Vice President
Public Policy

Marathon Oil Corporation
5555 San Felipe Street
Houston, TX 77056
Telephone 713.296.4136
Fax 713.296.4375
emcampbell@marathonoil.com

Marathon Oil

April 15, 2013

The Honorable Kevin Brady
301 Cannon Office Building
Washington, DC 20515

The Honorable Mike Thompson
231 Cannon Office Building
Washington, DC 20515

Re: Comments: Energy Tax Reform Working Group

Dear Reps. Brady and Thompson:

Marathon Oil Corporation is a global independent energy company engaged in exploration and production, and oil sands mining that is headquartered in Houston, Texas. We applaud the House Ways and Means Committee and the Energy Tax Reform Working Group for taking the time to explore the tax issues important to our industry.

We recognize that modification of the current provisions in the Code must be fair, as well as easier to both administer and to be in compliance. Currently, there are two provisions that are included in the President's budget which we do not believe achieve these goals and also could hinder the ability of the oil and gas industry to increase production and consequently stimulate growth. These provisions relate to our ability to immediately deduct Intangible Drilling Costs (IDC's) and modification of the Dual Capacity provisions.

IDCs are all expenditures made by an operator of a well incident to and necessary for the drilling of wells and the preparation of wells for the production of oil and gas. Expenditures, such as the leasing of drilling rigs, have for convenience been termed as intangible drilling and development costs. These costs often account for the vast majority of costs incurred in the initial exploration and development process. Changes to the long-standing immediate deduction for IDCs could result in the reduction of development of much needed domestic oil and gas reserves and could also reduce revenues to federal, state, and local governments. As the industry has noted before, further restrictions on expensing of intangible drilling cost would make domestic exploration more expensive, discouraging new domestic oil and natural gas exploration and undermining America's energy security. New investment in domestic energy is crucial for meeting future energy demand, boosting U.S. energy security, protecting jobs and creating new ones.

Further, the Presidential Budget anticipates modifying the rules related to the application of the foreign tax credit to oil and gas taxpayers based in the U.S. Any changes to these rules must also

In conclusion, Marathon Oil Corporation applauds your efforts to address tax reform. We would be happy to provide further insight from our Tax Organization regarding changes to the current system that we believe would accomplish these goals. However, we continue to believe that any and all modifications to the current Tax Code should not single out any one industry and should be applied in a manner that allows all taxpayers to continue to stimulate economic growth.

Again, thank you for allowing Marathon Oil Corporation the opportunity to respond to your requests for comments

Sincerely,

Eileen M. Campbell
Vice President, Public Policy
Marathon Oil Corporation